



**BILL RICHARDSON**  
GOVERNOR

*State of New Mexico*  
**ENVIRONMENT DEPARTMENT**  
*Office of the Secretary*  
*Harold Runnels Building*  
*1190 St. Francis Drive, P.O. Box 26110*  
*Santa Fe, New Mexico 87502-6110*  
*Telephone (505) 827-2855*  
*Fax (505) 827-2836*



**RON CURRY**  
SECRETARY

**DERRITH WATCHMAN-MOORE**  
DEPUTY SECRETARY

June 17, 2004  
Immediate Release

Contact: Jon Goldstein, NMED Communications Dir.  
Phone: (505) 827-0314

## **Environment Department Settles Alleged Air Violations at Eddy County Gas Facility; Company to Make Major Emission Reduction Upgrades**

(Santa Fe, NM) — The New Mexico Environment Department (NMED) has entered into a settlement agreement with Agave Energy Company to resolve alleged air violations at the company's Agave Gas Plant located approximately 10 miles south of Artesia in Eddy County. Agave Energy Company is a wholly owned subsidiary of Yates Petroleum Corporation.

As a part of the settlement, Agave has agreed to install air pollution control devices to limit emissions of sulfur dioxide, volatile organic compounds (VOCs) and oxides of nitrogen (NOx). The Agave Gas Plant has the highest sulfur dioxide emissions among gas plants in the state of New Mexico. It emits approximately 3,000 tons per year of the pollutant into the atmosphere.

"What this Department tries to do, above all else, is protect New Mexican's health from pollution," said NMED Secretary Ron Curry. "This agreement will do that by significantly lowering emissions and keeping pollution out of the air."

This agreement settles hundreds of permit violations alleged in a Compliance Order issued to Agave by NMED in June 2001 as well as several violations alleged since that date. Alleged violations included noncompliance with sulfur dioxide emission limits, failure to minimize sulfur dioxide emissions, and noncompliance with gas throughput limits.

According to the U.S. Environmental Protection Agency (EPA), Sulfur dioxide pollution contributes to respiratory illness, particularly in children and the elderly, and aggravates existing heart and lung diseases. It also contributes to the formation of acid rain. VOCs and NOx both contribute to the formation of ozone, which can trigger a variety of health problems including asthma, and can cause permanent lung damage after long-term exposure.

"Environmental regulations serve a very important purpose," said Secretary Curry. "They protect us from substances that pose serious health risks. By reducing emissions this agreement will better protect the health of people throughout southeastern New Mexico."

*more*

Paul Ragsdale, President of Agave Energy Company, said, "While we do not agree with the violations alleged in the Compliance Order, rather than spend money litigating the issue with NMED, we believe it is better for the environment and the people of southeastern New Mexico to install controls to reduce emissions below our presently permitted levels. We appreciate NMED's willingness to put emissions reductions first and look forward to working with them cooperatively to implement the controls we proposed."

Under the agreement Agave will install control technology within 18 months that will reduce sulfur emissions by 90 percent. Agave will also install a VOC combustor within six months to achieve a continuous and permanent 95 percent reduction in VOC emissions, and install NOx control technology within 12 months on its three highest-emitting rich-burn compressors. Agave is also required to submit status reports to NMED on these upgrades beginning on August 1, 2004 and every two months thereafter until the required actions have been completed.

Agave and NMED will also work together in the coming months to amend all necessary air permits to reflect agreements reached in this settlement.

This agreement also assesses a civil penalty of \$50,000, which Agave must pay the State of New Mexico within 30 days. These monies will go to the State of New Mexico General Fund where they will be used for state programs including environmental enforcement.

Deadlines in this agreement are enforced with stipulated penalties of up to \$1,000 per day. If Agave fails to make these payments in a timely and complete manner, it will be charged interest at the rate established by state law.

For further information contact Jon Goldstein, Communications Director, NMED at (505) 827-0314. For Agave inquiries please contact Paul Ragsdale, President of Agave, at (505) 748-4520.

###